

# **MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

## **IMPACT OF THE**

### **VOLUNTARY SEPARATION PROGRAM (VSP)**

If you are interested in accepting VSP, you should refer to the VSP instructions as to how you elect to participate in this Program.

Each eligible state employee considering the VSP needs to determine how this program will impact his or her retirement benefits. The first step is to determine which of the following categories applies to you in the retirement/pension system.

You are either:

1. Vested and eligible for immediate retirement benefits;
2. Vested (i.e., have at least five years of eligibility service) and are not currently eligible for retirement; or
3. Not Vested (i.e., have less than five years of eligibility service). Note: Acceptance of VSP will mean you are not eligible for future pension benefits.

Based upon which of these three categories you are in, please review and follow the instructions below regarding your retirement benefits.

#### **Members Eligible for Retirement**

Anyone retiring in conjunction with acceptance of the VSP must download the necessary retirement forms from the Department of Budget and Management's (DBM) web site. It is extremely important to use these forms instead of the standard forms in your employer's human resource department or on the Maryland State Retirement Agency's web site because we have specially coded them to ensure that they receive priority processing.

1. Estimate - Application for Estimate of Service Retirement Allowances – Form 9
2. Retirement Forms:
  - Application for Service Retirement – Form 13
  - Re-employment after Retirement – Form 127
  - Direct Deposit Electronic Fund Transfer Sign-up – Form 85
  - Federal and State Tax Withholding Request – Form 766

You should complete the Application for Estimate of Service Retirement Allowances form first and send it to our Agency. The Agency will use this form to create a personalized estimate of your retirement benefits. Once you have received your retirement benefits estimate notice, have decided to elect the VSP, and are approved for participation in the VSP, you must then complete the retirement forms listed above.

Because of the VSP, we anticipate a large volume of requests for estimates adding to the volume that we have already at the Agency. VSP applications will take priority. Again, this is why it is so important that you complete the specially coded forms that you will find at DBM's web site.

If you have recently received an estimate, we encourage you to use that as a guide in your decision making process. Additionally, other resources that you may want to consider in making a decision to retire in conjunction with acceptance of the VSP are your June 30, 2010 Personal Statement of Benefits and the Benefit Estimators, which can be found on our web site at [www.sra.state.md.us](http://www.sra.state.md.us). Both of these tools are limited in that they only provide an estimate of the Basic Allowance and not all of the payment options available.

Re-employment after retirement issue – For pension purposes, there are no changes in the reemployment rules. Retirees may be subject to an earnings limitation upon certain reemployment decisions. Carefully review Form 127 for an understanding of how future reemployment will impact your pension benefits.

Separate VSP reemployment rules also apply and can be addressed by contacting DBM. Remember, retired members cannot rescind their retirement date and reenter the pension system.

### **Vested Members Not Currently Eligible for Retirement Benefits**

If accepting the VSP option, you should be aware that the State Retirement Agency requires a vested member who is not currently eligible for retirement benefits to keep their current address on file with us. The Agency will contact you at the address on file to remind you when you reach the plan's normal retirement age (age 62 for pension members), to complete the necessary forms to begin receiving a pension allowance.

Prior to retiring, you still have the right to apply for a refund of your accumulated member contributions but you should be aware that taking this money will cause you to forfeit all rights to any future pension benefits.

### **Non-Vested Members (Members with Less Than Five Years of Eligibility Service)**

Members having less than five years of pension eligibility service taking VSP should download the refund application package (Form 5 package) from our website at [www.sra.state.md.us](http://www.sra.state.md.us).

Since you are not vested, you should file for a refund of your employee contributions with interest.

Application for a refund cannot be processed until the final employee contribution withheld from your pay check has been received by our Agency and posted to your account. Generally, this information is sent to us in February. This will result in the refund payments beginning no earlier than March 31, 2011 and further delays may occur depending on when your application is received and the volume of refund applications.

Anyone unsure whether they have the required five years of eligibility service to vest and receive a monthly retirement benefit at their normal retirement age should review their 2010 Personal Statement of Benefits, access our IVR phone system by calling 410-625-5555 or 1-800-492-5909, or speak with a retirement benefit specialist at 410-625-5555.

### **Assistance from the State Retirement Agency on Retirement Benefit Issues**

The Maryland State Retirement Agency will offer several retirement seminars to discuss the impact of VPS on your retirement benefits. Once the locations and dates have been finalized, we will publish that information on DBMs and SRAs websites.

Individuals wanting counseling appointments may visit our office in Baltimore or schedule an appointment at one of our regional counseling sessions. You can contact our office at 410-625-5555 or 1-800-492-5909 to set up an appointment.

Please be aware that our staff will not be able to discuss your monetary retirement benefits unless you have received your pension estimate notice. We can answer any general questions you may have pertaining your retirement benefits.

### **Contacting the Maryland State Retirement Agency**

Location: Maryland State Retirement Agency  
120 East Baltimore Street, 14<sup>th</sup> Floor  
Baltimore, MD 21202

Telephone Numbers: 410-625-5555 or 1-800-492-5909 toll free

Web Site: [www.sra.state.md.us](http://www.sra.state.md.us)